

NEW APPLICATION
ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman

2010 JUL -9 P 4: 35

GARY PIERCE
Commissioner

AZ CORP COMMISSION
DOCKET CONTROL

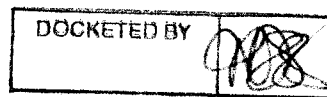
PAUL NEWMAN
Commissioner

Arizona Corporation Commission
DOCKETED

SANDRA D. KENNEDY
Commissioner

JUL -9 2010

BOB STUMP
Commissioner



T-20694A-10-0295
T-20667A-10-0295

In the Matter of the Application of
Zayo Bandwidth, LLC
and
Zayo Fiber Solutions, LLC
for Authority to Encumber Assets

DOCKET NOS. T-20694A-10-
T-20667A-10-

APPLICATION FOR AUTHORITY TO ENCUMBER ASSETS

Zayo Bandwidth, LLC ("ZB") and Zayo Fiber Solutions, LLC (formerly known as AGL Networks, LLC)¹ ("ZFS" and together with ZB, "Applicants"), pursuant to Arizona Rev. Stat. § 40-285 and any regulations deemed applicable, request approval from the Arizona Corporation Commission ("Commission"), to the extent required, to encumber their property through the grant of a security interest in Applicants' assets in support of additional long-term debt obligations of up to \$125 Million (for an aggregate of up to \$450 Million in existing and additional long-term debt obligations) described in Section IV below.² These additional financing arrangements are expected to be on substantially the

¹ On July 1, 2010, Zayo Group, LLC ("Zayo") completed the acquisition of ZFS. See Decision No. 71704 (June 3, 2010) (approving ZFS's participation in the Existing Financing (as defined herein) of Zayo and notifying the Commission of the transfer of control of Applicant to Zayo). Immediately thereafter, ZFS changed its corporate name to Zayo Fiber Solutions, LLC. ZFS is in the process of making the necessary filings to effectuate the name change in Arizona.

² Applicants are also providing a guaranty in support of the company-wide financing arrangements. Since neither Applicant has provided intrastate telecommunications services in Arizona (and therefore are not Class A entities), however, the Commission's Public Utility Holding Companies and Affiliated Interests Rules, A.A.C. R12-2-801 to R12-2-806, do not apply to the guaranty provided by Applicants.

1 same or better terms as the financing arrangements approved by the Commission in
2 Decision No. 71704 with respect to ZFS and being considered by the Commission in
3 Docket No. T-20694A-10-0076 with respect to ZB.

4 These additional financing arrangements are expected to be used, in part, to
5 fund a strategic acquisition by Zayo that is expected to close in approximately 90 days.
6 Applicants respectfully request that the Commission act expeditiously to grant the approval
7 on an expedited basis and no later than the Commission's Open Meeting scheduled for
8 September 21-22, 2010, so that Zayo can timely complete the financing arrangements as
9 planned and meet important business and financial objectives.

10 In support of this filing, Applicants provides the following information:

11 **I. DESCRIPTION OF THE APPLICANTS**

12 ZB and ZFS are both Delaware limited liability companies with principal
13 business offices located at 400 Centennial Parkway, Suite 200, Louisville, Colorado 80027.
14 Zayo Group, LLC, a Delaware limited liability company, is the sole member of both
15 Applicants.

16 ZB is the primary operating entity Zayo Group's Zayo Bandwidth business
17 unit, which provides Private Line, Ethernet, Wavelength, Dedicated Internet Access and
18 Collocation services to wholesale (e.g., other carriers) and large enterprise customers. In
19 Arizona, ZB has an application pending for a certificate to provide facilities-based long
20 distance and local exchange telecommunications services. *See* Docket No. T-20694A-09-
21 0379.³

22 ZFS comprises Zayo's Zayo Fiber Solutions business unit which provides
23 connectivity and dark-fiber related services. ZFS maintains fiber networks in several
24 metropolitan areas, including the Atlanta, Georgia, Charlotte, North Carolina, Kansas City,
25 Missouri and Phoenix, Arizona metropolitan areas and in Richmond and Henrico County,
26

³ The Application was granted at the June 29 Open Meeting and is pending signature by the Commission.

1 Virginia. In Arizona, ZFS is authorized to provide competitive private line
2 telecommunications services pursuant to Decision No. 71485 issued by the Commission in
3 Docket No. T-20667A-09-179 on February 23, 2010.

4 **II. CONTACTS**

5 Questions or any correspondence, orders, or other materials pertaining to this
6 filing should be directed to the following.

7 For Applicants:

8 Thomas H. Campbell
9 Michael T. Hallam
10 Lewis and Roca LLP
40 North Central Avenue
Phoenix, AZ 85004-4429
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(602) 734-3886 (Fax)
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12 With copies to:

13 Jean L. Kiddoo
14 Brett P. Ferencak
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And:

Scott E. Beer
General Counsel
Zayo Group, LLC
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Louisville, CO 80027
(303) 381-4664 (Tel)
(303) 226-5923 (Fax)
sbeer@zayo.com

18 **III. DESCRIPTION OF FINANCING ARRANGEMENTS**

19 On March 12, 2010, Zayo completed \$325 million in long-term financing
20 arrangements for which Zayo's current and future subsidiaries, including Applicants,
21 provided guarantees and pledged their assets as security for the financing arrangements
22 ("Existing Financing").⁴ The Commission approved ZFS's participation in those financing
23 arrangements in Decision No. 71704 and is currently considering ZB's participation in
24 those financing arrangements in Docket No. T-20694A-10-0076. Zayo expects to extend
25

26 ⁴ To the extent that the Applicants serve as borrowers under the financing arrangement, they are exempt from the provisions of A.R.S. § 40-301 et seq. pursuant to the provisions of A.R.S. § 40-301.D.

1 those financing arrangements, consisting of a combination of senior secured notes and
2 revolving credit facilities, by up to \$125 Million for an aggregate amount of up to \$450
3 Million. Applicants' and Zayo's current and future subsidiaries will participate in the
4 additional company-wide financing arrangements in the same manner as they currently
5 participate in the Existing Financing. The additional financing arrangements may include a
6 combination of senior secured notes and a revolving credit facility(ies) with terms that are
7 substantially similar to or better than the terms of the Existing Financing. Since ZFS is
8 already authorized and ZB is seeking authorization to participate in financing arrangements
9 of up to \$325 Million, Applicants request that the Commission authorize Applicants to
10 participate in additional financing arrangements of up to \$125 Million for an aggregate of
11 up to \$450 Million.

12 Zayo intends to use the proceeds from the additional financing arrangements
13 to fund strategic acquisitions and for other permitted purposes, including working capital,
14 capital expenditures, and other general corporate purposes of Zayo and its operating
15 subsidiaries, including Applicants. As Zayo may complete an acquisition that is expected
16 to close in approximately 90 days, Applicants respectfully request that the Commission act
17 expeditiously to grant the approval so that Zayo can timely complete the financing
18 arrangements as planned and meet important business and financial objectives.

19 **IV. PUBLIC INTEREST CONSIDERATIONS**

20 Approval of Applicants' participation in the financing arrangements
21 described herein will serve the public interest in promoting competition among
22 telecommunications carriers by providing Applicants with the opportunity to strengthen
23 their competitive position with access to greater financial resources to complete strategic
24 acquisitions and make other capital expenditures to expand their service coverage and
25 improve its competitiveness. The funds to be obtained through the financing arrangements
26 are necessary and appropriate, are consistent with the performance by the Applicants of

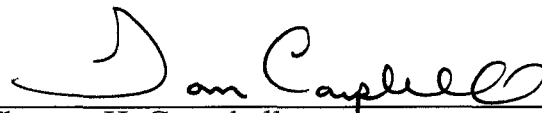
1 their services to the public, will not impair the ability of Applicants to perform such
2 services and will promote the corporate purposes of the Applicants. The financing
3 transaction will be transparent to customers and will not disrupt service or cause customer
4 confusion or inconvenience.

5 **IV. CONCLUSION**

6 WHEREFORE, for the reasons set forth above, Applicants request the
7 Commission authorize Zayo Bandwidth, LLC and Zayo Fiber Solutions, LLC (formerly
8 known as AGL Networks, LLC) to encumber their property through the grant of a security
9 interest in their assets in support of the financing arrangements. Applicants respectfully
10 request that the Commission grant the approval requested on an expedited basis and no later
11 than the Commission's Open Meeting scheduled for September 21-22, 2010, so that the
12 financing can be completed prior to the proposed acquisition.

13 RESPECTFULLY SUBMITTED this 9th day of July, 2010.

14 LEWIS AND ROCA LLP

15 

16 Thomas H. Campbell
17 Michael T. Hallam
18 40 North Central Avenue
19 Phoenix, AZ 85004

20 Attorneys for Zayo Bandwidth, LLC

21 ORIGINAL and thirteen (13) copies
22 of the foregoing filed this 9th day
23 of July, 2010, with:

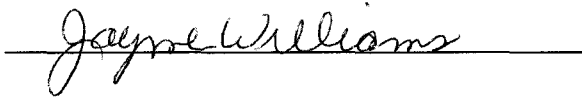
24 The Arizona Corporation Commission
25 Utilities Division – Docket Control
26 1200 W. Washington Street
Phoenix, Arizona 85007

1 Copy of the foregoing hand-delivered
2 this 9th day of July, 2010, to:

3 Steve Olea
4 Utilities Division
5 Arizona Corporation Commission
6 1200 W. Washington Street
7 Phoenix, Arizona 85007

8 Lyn Farmer, Chief Administrative Law Judge
9 Hearing Division
10 Arizona Corporation Commission
11 1200 W. Washington Street
12 Phoenix, Arizona 85007

13 Janice Alward
14 Legal Division
15 Arizona Corporation Commission
16 1200 W. Washington Street
17 Phoenix, Arizona 85007

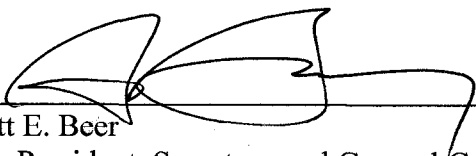
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STATE OF COLORADO
COUNTY OF BOULDER

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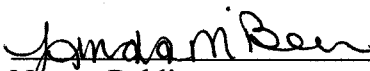
VERIFICATION

I, Scott E. Beer, state that I am the Vice President, Secretary and General Counsel of Zayo Group, LLC, Zayo Bandwidth, LLC, Zayo Fiber Solutions, LLC (formerly AGL Networks, LLC) (collectively, the "Company"); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to the Company are true and correct to the best of my knowledge, information, and belief.



Scott E. Beer
Vice President, Secretary and General Counsel
Zayo Group, LLC
Zayo Bandwidth, LLC
Zayo Fiber Solutions

Sworn and subscribed before me this 7th day of July, 2010.



Notary Public

My commission expires 6-8-2011